

November 18, 2002

Luly E. Massaro, Commission Clerk  
R.I. Public Utilities Commission  
89 Jefferson Blvd.  
Warwick, RI 02889

**Re: January 2003 Retail Rate Filing**

Dear Ms. Massaro:

Enclosed for filing with the Commission are ten copies of The Narragansett Electric Company's ("Narragansett" or "Company") annual filing reconciling its tariff adjustment provisions through September 2002, estimating its 2003 expenses and revenues under these provisions and proposing rate changes effective January 1, 2003.

Specifically, the Company is reconciling actual revenues and expenses for the 12 months ending September 2002 under its Non-bypassable Transition Charge Adjustment Provision, its Standard Offer Adjustment Provision and its Transmission Service Cost Adjustment Provision. The Company has also estimated its annual expenditures and revenues for each of these adjustment provisions. As a result, the Company is proposing to increase its Transition Charge and Transmission Adjustment Factor effective January 1, 2003. The Company is proposing to increase the Non-bypassable Transition Charge from the present level of 0.874¢ per kWh to 0.944¢ per kWh, an increase of 0.070¢ per kWh. The proposed increase in the Transmission Adjustment Factor is 0.044¢ per kWh, from 0.063¢ per kWh to 0.107¢ per kWh.

Although permitted to do so under the terms of its Standard Offer Adjustment Provision, the Company is not proposing any increase to its Standard Offer rate at this time. Rather, the Company is requesting Commission approval to retain a \$20 million payment received last year as an offset to fuel index payments it has begun to incur. Details surrounding this proposal are provided in the testimony and exhibits of Ms. Lloyd.

These rate changes presented by this filing would increase the total bill of a typical residential customer consuming 500 kWh per month by 1.1%, or \$.60 per month, from \$54.24 to \$54.84, including the effects of gross receipts taxes.

Thank you for your attention to this filing. If you have any questions regarding this matter, please do not hesitate to contact me.

Very truly yours,

Terry L. Schwennesen  
General Counsel

c. . S. Scialabba  
P. Roberti  
J. Stutz